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Reforming Intelligence Analysis

Currently Congress has approved or is considering a number of measures to correct the damage done to the U.S. intelligence community in the past decade. Under the leadership of Senator Frank Church and other prominent legislators, Congress enacted a number of hastily conceived restrictions which effectively dismantled America's capacity for covert intelligence operations. Measures now being considered to rectify the problems include repeal of the Hughes-Ryan amendment, which established extensive congressional oversight of covert intelligence activities, repeal or extensive modification of the Freedom of Information Act and adoption of an Intelligence Identities Protection Act. The Reagan Administration also is studying means to restore the intelligence community to its former importance, such as re-establishing the President's Foreign Intelligence Advisory Committee (PFIAB), which was abolished by President Carter in 1977.

Such steps are badly needed if the United States is ever to regain its ability to conduct covert operations, or indeed to collect data from sources other than technical means of surveillance. Yet, taken on their own they do nothing to help, and may even impede correction of the most significant problem facing the U.S. intelligence community—correctly analyzing and assessing the data it possesses. This is a long-standing problem that has intensified in recent years, especially under the Carter Administration.

A RECORD OF FAILURE

Discussion of faulty intelligence assessments must focus on the Central Intelligence Agency, the designated producer of National Intelligence Estimates for the President and other top policymakers. Although the Defense Intelligence Agency, the National Security Agency, the military intelligence services, and the State Department Bureau of Intelligence and Research contribute to the NIE, their own reports are more specialized to fit the in-house needs of the Departments of Defense and State, respectively. By contrast, CIA reports are considered "national"; the analytical branch of the agency is the National Foreign Assessment Center, and the section heads for regional and topical analysis are termed National Intelligence Officers. When an NIE is produced, the CIA selects the precise topic and assigns the principal drafter, whose task is to produce a paper reflecting a consensus of the views of the intelligence community. Although agencies may register a formal dissent on particular points, a high value is placed on consensus. Even under the best of circumstances this emphasis results in an enshrinement of the lowest common denominator of intelligence opinion, and all too often

leads to "party-lining" or anticipating the views of policy-makers.

However, this process of forced consensus is not sufficient to explain these staggering failures of the intelligence community:

- Until 1979 the NIEs contended that the Soviet Union would not place offensive weapons in Cuba. To contend otherwise was to assert that the Soviet Union was violating the 1962 agreement ending the Cuban missile crisis (amended in 1970). Therefore the stationing of MiG-23 and MiG-27 fighter-bombers, the construction of submarine pens, and the frequent visits of major Soviet naval units were noted but not assessed as being of any significance. Only the revelation of the presence of a Soviet combat brigade in Cuba just prior to the 1980 election campaign forced modification of this assessment.

- Until December 1979 it was contended that the Soviet Union would not invade Third World countries, such as Afghanistan, with its own troops. Attention was focused instead on "proxy wars," which enormously improved the strategic situation of the U.S.S.R. in the Third World.

- The intelligence community predicted well into 1978 that the Shah of Iran would remain in power for the duration of the 1980s and that Iran was not in a pre-revolutionary state. Challenging this assumption meant questioning American reliance on Iran as the "policeman of the Gulf."

- In 1981, after the Reagan Administration called attention to Soviet use of terrorism as a weapon against Western nations and pro-Western Third World governments, the CIA retroactively identified over a thousand terrorist acts in the previous year that it had not counted earlier.

- The CIA produced a study on Soviet oil production in 1977 predicting a major oil crisis within a decade. This study was not substantiated by other analyses—either by the oil industry, European research centers, or the DIA—and yet was perfectly suited for President Carter's contention that increased Soviet need of Western drilling technology would strengthen detente. The 1977 predictions proved embarrassingly inaccurate, and were drastically revised in January 1981.

Yet it is in the area of assessing the extent of the Soviet strategic buildup during the 1960s and 1970s, and in estimating Soviet defense expenditures, that the intelligence community has accumulated its most dismal record. Albert Wohlstetter's documentation of continual annual CIA strategic underestimates during the 1960s goes far toward explaining the deplorable U.S. experience with arms control, including CIA's failure to recognize Soviet SALT deception, and the current radical change in the

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world correlation of forces. What is less well known is the documentation by former intelligence analysts William Lee and David Sullivan, which demonstrates that well into the 1970s the CIA estimators continued to avoid "worst-case" assumptions about Soviet military intentions. As a result under-estimates of the scale and pace of the Soviet strategic build-up continued, as illustrated below in Chart 1. (None of the estimates comes close to being accurate.)

Chart 1: Accuracy of Intelligence Forecasts

Soviet Strategic Weapons Systems Deployments	Under-estimate	Over-estimate
3rd Generation ICBMs	X	
2nd Generation SLBMs	X	
ABM Deployments		X
Advanced ASW Submarine Force	X	
MIRV Accuracy	X	
MIRV Yield		X
SLBM MIRVs	X	
Defense Spending 1960-76	X	
Defense Spending 1976-80	X	

By the same token, the Central Intelligence Agency reported annually from the mid-1960s until 1976 that the Soviet Union was spending about 6 percent of its "Gross National Product" on its military, or in absolute terms, about half of what the United States was spending in the same period. Yet this was in a period of drastic American decline in military strength, while at the same time the Soviet Union was embarking on the greatest military buildup in history.

In 1976 the President's Foreign Intelligence Advisory Board belatedly became aware of these failings and recommended to President Ford that an exercise in competitive intelligence estimates of the degree of the Soviet strategic threat be undertaken. Distinguished outside experts on the so-called B-Team correctly estimated that Soviet ICBM MIRVing rates and accuracy improvements would increase so rapidly in the late 1970s that by as early as 1980 U.S. strategic land-based forces would be vulnerable to a Soviet first strike. They also correctly predicted that the Soviet leadership, not content with nuclear parity, was striving for strategic superiority.

The results of the B-Team exercise and other pressure put on the intelligence community included some revisions in estimates of Soviet defense spending and some consideration of the possibility of a Soviet counterforce threat in the 1980s. But the chief result of the B-Team was the Carter decision to dismantle PFIAB and completely ignore the compelling results of the competitive estimates. The Carter Administration then proceeded to cancel, cut back, or delay *every single* strategic force program inherited from the Ford Administration. Last December, outgoing Undersecretary of Defense William Perry conceded that the Carter Administration had grossly underestimated the Soviet counterforce threat for 1980 in 1977. Yet consistent with over two decades of underestimating Soviet strategic forces and defense expenditures, and continually placing the most benign interpretation on Soviet actions and intentions, the U.S. intelligence community is still unwilling to concede that Soviet actions world wide are planned and coordinated to further a considered and articulated program to weaken and lull the West in the face of continual Soviet expansion. Questioning the fundamental set-up of CIA analysis is long overdue.

UNAVOIDABLE PROBLEMS—AVOIDABLE BIASES

Any suggested remedies to the major deficiencies in American intelligence analysis must take into account the myriad uncertainties involved in evaluating, processing,

and analyzing intelligence data. These uncertainties preclude anything approaching complete accuracy in intelligence analysis. A review of the means by which intelligence is collected and weighed will demonstrate this, and also reveals the institutionalized reasons for the continued poor performance of American intelligence.

There are three principal sources of raw intelligence data: the so-called national technical means of surveillance (NTMs), human intelligence, and open sources. National technical means of surveillance have recently been much discussed owing to the key role they were assigned in assuring the verifiability of the SALT II treaty. National technical means of surveillance are essentially mechanical: aerial and satellite photography, monitoring stations in countries bordering the Soviet Union, seismographic records of explosions, and so forth. In the United States a premium is placed upon these sorts of data, as their reliability is considered to be high. A photograph, after all, is an incontrovertible *fact* that can be displayed to a policy-maker in a much more convincing manner than a message from an agent, who could easily be a plant.

However, NTMs have many drawbacks that are minimized by the American intelligence community to avoid questioning our reliance on them:

- NTMs can never provide negative proof; as Amrom Katz, former Assistant Director of ACDA puts it, no one has ever found anything that has been successfully hidden. Developed nations, especially states such as the Soviet Union, are adept at concealing or falsifying important information, especially if they have learned how the monitoring devices work. Recent disclosures that Soviet agents have successfully acquired the operational manuals for sophisticated American surveillance satellites underline this point.

- NTMs provide such massive quantities of low-grade data that they cannot all be minutely analyzed. Generally they are scanned to find interesting anomalies that will lead to extensive examination of certain areas or facilities. The vaunted high-resolution satellite cameras and sensors are actually capable of monitoring only extremely limited areas and times.

- NTMs provide evidence of capabilities only; they are no guide to intent. Only human intelligence or open sources can reveal exactly what an opponent's leadership actually intends to do. To be sure, intentions are constrained by one's capability to carry them out, and acquisition of new capabilities can be an indicator of future intentions. Yet in the final analysis, NTMs are limited in this extremely important area of data collection.

The second source of raw data is human intelligence. This includes information received from espionage agents, defectors, diplomatic personnel, military attaches, and theft of classified documents. Human intelligence is not regarded as highly as technical data by the U.S. intelligence community. There are several reasons for this beyond the one mentioned above. To begin with, the KGB and other intelligence agencies maintain active policies of planting disinformation and forgeries, which tends to discredit reports not backed by technical data. Yet it is not felt that technical data require this cross-checking, although they are equally susceptible to disinformation. Then again, those nations the United States is most interested in monitoring are generally closed societies where it is extremely difficult to maintain covert sources. Finally, the campaign waged against the CIA in recent years has in many instances made it impossible to maintain covert sources without eventual disclosure. This inhibits foreign nationals and friendly intelligence services alike from cooperation.

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The final source of data is open sources, which include press reports, books and manuals, research of scholars and researchers, radio and television broadcasts, accidental divulgence by officials, and accounts by emigres and tourists. In terms of their evaluation priority by the U.S. intelligence community, open sources have the dual disadvantage of being as suspect as covert human intelligence, and as massively plentiful as technical data. As a result, even highly useful material is ignored, to a degree that would appear astonishing to the non-specialist.

Bad or wrong data can be a major source of misperception, but when institutionalized bias appears in the form of consistent error on one side of an issue or in overreliance on one sort of data the intelligence community is suffering from major problems. One such bias appears throughout the community: minimizing the threat from the Soviet Union. In evaluations of Soviet defense spending, oil production, military presence in Latin America, KGB penetration of the European or U.S. political establishment, instability in the Middle East, Socialist control of NATO governments, or any other issue, suggestions that American security might be affected are downplayed. Above all, there is little to no recognition of the fact that all such issues are linked, in that the Soviet Union follows a deliberate policy of exploiting weakness and instability globally. Not only is there no U.S. long-range planning to deal with this, but no recognition that the Soviet Union is engaged in long-range planning.

One important reason why such biases can pervade the entire intelligence community is that one cannot make a successful career out of intelligence analysis. Supergrade (GS 16-18) intelligence analysts are non-existent, and rare in the GS 13-15 ranks. The Central Intelligence Agency possesses relatively more high-ranking slots than do the other agencies, but even in the CIA there are relatively few GS 13-15 analysts. To obtain promotion, it is necessary for an ambitious intelligence officer to get into analysis management. Other problems with analysis include inadequate attention to Soviet intentions and foreign policy planning, insufficient understanding of Soviet doctrines, and a propensity to "mirror image" U.S. strategic policy and planning; and inadequate quality control, with no in-house box score kept on the accuracy of past predictions and assessments.

SOLUTIONS AND OBSTACLES TO SOLUTIONS

The present-day situation, where the intelligence community faces major questions of competence in the areas of political responsiveness, internal bias, and managerial dominance of the analytical staffs, would not have arisen if good intelligence were highly regarded and demanded by the American political system. Nations where intelligence is considered important, such as the Soviet Union or Israel, do not face such problems. Yet in the United States, far too often the primary use of intelligence has been to bolster decisions already made for political purposes or to provide simplistic "score cards" for busy policymakers.

A good example of this last point is the major effort invested by the CIA in estimating Soviet defense expenditures. Great pains are taken, involving an important proportion of the analytical resources focused on the Soviet Union, to assess accurate "prices" of the various elements of the Soviet military establishment, to fit these elements into an elaborate model of the Soviet economy, and to determine what impact this "spending" has on the model. Many critiques have been made of the methodologies employed, or the certitude with which estimates are produced in the absence of hard data. Yet the most important

objection to this whole process is that important intelligence assets, including many highly trained analysts, have been tasked to produce a relatively minor set of estimates. When faced with enormously enhanced Soviet military capabilities, inquiry into how much funding was invested into its acquisition should not interfere with assessment of the threat this poses to U.S. security. This is especially true when the results of the inquiry are at the very best broad estimates. Yet the CIA, when faced with strong congressional pressure to produce "the figures on Soviet defense spending," felt compelled to do the best work possible. Before major reforms can be initiated, an appreciation for good intelligence must be cultivated in both the Congress and the Executive branch of government.

Recent events have demonstrated that the Reagan Administration is not greatly concerned with these problems at the present. Just as there has been a failure to initiate new defense policies, reforming the intelligence community appears to have low priority. There is a feeling among many people in the government and other influential public positions that the problems with the intelligence community stem from political interference by Congress and the Carter Administration, and the optimum solution is for the "intelligence professionals" to be given a free hand. This belief is held in ignorance of the long-standing institutional problems faced by the intelligence community, which are strengthened by the fact that the intelligence community does not want major reform. It has come to associate any outside efforts to reform the analysis process with heavy-handed attempts to politicize intelligence analysis. Then, too, the leadership of the intelligence community was selected by the Carter Administration and to a certain extent carries over Carter views on the nature of the international political situation. In spite of the events which discredited this world view, it will continue to flavor intelligence estimates for some time to come.

To drive through needed change, a high-powered, independent commission is essential. A reconstituted PFIAB might not be capable of carrying out this function, but it would be able to initiate such a commission in consultation with the Director of Central Intelligence. This commission would have to possess political power and dedication to carry out a difficult and complicated task. It would require:

- direct access to the President and a commitment from him to implement its recommendations;
- total access to the work of the intelligence community. Because of this, the commission would have to include proven analysts as well as critics of the agency. It cannot be a repository for political hacks.
- The commission would have to be appointed to its work for long duration—two years would probably be the minimum time needed. The commission members would have to devote their full attentions to its work.
- In appointing the board, it will have to be remembered that there will be objections to any nominee worth including.

The major role of this commission would be to determine how best to institutionalize the principle of the B-Team. Competitive analysis and estimates should not take place merely between the CIA and a team of distinguished outsiders, but within the community as well, both inter-agency and intra-agency. The difficult but necessary task of the commission will be to reconcile this principle of competitive estimation with the need to produce crisp and coherent intelligence reports. It will also have to determine what safeguards can be established to protect the competitive process from political exploitation.